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TO - AmEmbassy Tripoli AIDAC (ALUNTZ)

DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY G.M. Razi DATE May 6, 1982

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FROM - AID/Washington

SUBJECT - Studies for Facilitating Technical Cooperation on a Non-Concessional Basis

REFERENCE - JOINT AID/STATE MESSAGE

1. The Department and A.I.D. have been concerned for some time with the lack of adequate mechanisms for facilitating technical relations with "graduate" and other non-A.I.D. developing countries. In cases in which the developing country is able to reimburse the US for the cost of technical services, proposals to fill this gap have been prepared for consideration in the reorganization of the foreign assistance program. /The Embassy is familiar with the report outlining these "Proposals for Strengthening Technical Relationships with Non-A.I.D. Developing Countries" (Extra copy attached)./

2. In the meantime, a series of studies is to be undertaken to determine what and how arrangements can be made in AID countries, and in the US, not only to assure continuing technical relations with the US after the termination of concessional assistance, but also to facilitate the country's eventually reaching such a non-concessional stage. The studies will also contribute to the planning of technical cooperation with non-AID developing countries generally in the proposed new structure for the aid program in FY 1972.

3. Two AID-recipient countries, two AID 'graduate" countries, and two other non-AID developing countries are to be selected for the case studies. The studies would be made by outside organizations or other competence specially chosen for the purpose and with a view to completion of the studies as soon as possible. /FYI: Thus far, the National Academy of Sciences is being considered for a study in Argentina, the Asia Foundation for a study in Malaysia, and a consulting firm for a study in Venezuela./

~~Decision on after September 30, 1971~~

PAGE 1 OF 3 PAGES

DRAFTED BY	OFFICE	PHONE NO.	DATE	APPROVED BY:
HGBuller:paz	TA/SSS	22727	9/8/70	Hyde G. Buller, TA/SSS

AID AND OTHER CLEARANCES
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4. We believe that Libya should be one of the countries studied because it so well represents the situation of the AID "graduate"*country. The approach to be taken in the studies in the other countries named would apparently not be practicable in Libya. This approach is described below, however, so that we may obtain the Embassy's views on how useful the study would be on an "in house" basis. How much of the information sought by the study could be provided by the Embassy itself? If the Embassy should wish, it might be possible to arrange for the temporary assignment of a qualified person to help in the work. (A similar in-house study has been proposed to AmEmbassy Jidda.)

5. In the approach to be taken in the countries named, the outside organization chosen will send a small team, highly qualified in basic technical assistance fields and in the administration of such assistance, to the host country for three to four weeks. The team will study, in consultation with Embassy and country officials, the successes and failures of past attempts to carry on technical cooperation between that country and the US in the absence of concessional assistance. Specific institutional arrangements for such cooperation will be singled out for analysis.

Evaluation of these past efforts will be made jointly by the team and host country specialists, with particular attention to (a) types of technical cooperation activities that can be productively carried on between that country and the US and the impact of former AID programs on these activities, (b) adequacy of steps previously taken by AID to set the stage for non-concessional cooperative relationships, (c) opportunities for cooperation that have not been realized and the reasons they have not, and (d) institutional mechanisms that need to be established or strengthened in that country and in the US for successful cooperation.

A principal objective in the countries selected for study will be to identify the measures that have been successful in promoting technical cooperation in the absence of concessional assistance and what AID can do in other countries prior to phase-out to help develop indigenous institutions to facilitate such cooperation. Institutional arrangements in the United States that will facilitate cooperation on a non-concessional basis will also be studied. Arrangements of particular interest will be those between Federal and private organizations in the US and between American and host country organizations.

6. Examples of the specific questions to be addressed in the studies are listed in an attachment. We would appreciate the Embassy's estimate of the extent to which it would be able to provide such information and by what date. (In the case of Libya, updating of the information in Tripoli A-418 and A-449 of March 17, 1966 and April 6, 1966, respectively, would cover part of this ground.)

*Not in sense that Libya no longer needs technical assistance for development but in sense that it can pay for it from oil resources.

7. In any discussion of the proposed study with host country officials, it will be important to avoid any implication that resumption of US technical assistance on the former grant basis is contemplated. The study is designed simply to identify those activities that hold the most promise for mutually beneficial cooperation, on a reimbursable (non-concessional) basis, between the host country and the US.*

Immediate benefits for the host country would come from the opportunities for their scientists and technologists to review relevant programs with the American experts provided by the US organization chosen for the study. Possible linkages with programs of other US organizations would be promoted when the study team returned to the US. Greater awareness of opportunities for technical cooperation would be brought about by the study. Lack of such awareness may be a principal impediment to cooperation and the study would suggest ways of removing it.

There could also be long-term benefits for the host country. The study may give added support to proposals of the kind made in the attached report for topping-off and other facilitative resources for technical cooperation on a non-concessional basis.

8. We would appreciate the Embassy's advice on whether it would be useful to try to do the study in Libya on an in-house basis and the extent to which the Embassy can provide information on the questions in the attached list. Any other comments and suggestions the Embassy may have on the study would be welcomed.

[redacted]

Attachments:
1. "Proposals on Strengthening Technical Relations with Non-A.I.D. Developing countries"
2. List of Questions
3. Hannah to Rogers letter dated 5/11/70

*Dr. Hannah's letter to Secretary Rogers of 5/11/70 (copy attached) indicates current limitations on AID's ability to cooperate with non-AID countries. Decontrol after September 30, 1971

ROGERS

ATTACHMENT 2

LIST OF QUESTIONS TO BE ADDRESSED IN STUDY

Inventory

1. What is the estimated total number of foreign technical experts serving the host government, broken down by nationality and by Ministry served (e.g., agriculture, other natural resource development, education, health, public works, industry, basic science)?

2. How many of these experts are in the host country under the auspices of United Nations agencies or programs of other countries?

3. In what regional development programs does the host country now cooperate and which of its institutions are principally involved?

4. Are there development fields in which the host country could contribute to neighboring countries. Which of its institutions have such donor potentials?

5. What are the estimated numbers of foreign experts employed by private firms in the host country, by nationality and type of firm?

6. What is the range of basic salaries paid by the host government to foreign experts and the extent to which these salaries are supplemented by the experts' own governments? Can the Embassy supply specific data on the amounts or ratios of such supplementary payments?

7. How does the number of US technical experts now in the host country compare with the number prior to the phase-out stage of the AID program?

8. What effects has the termination of the AID program had on US professional and commercial interests in the host country? Can examples be provided of important gains or losses to such interests because of the presence or absence of American technicians?

9. In those technical fields in which other countries lead the US in providing the host country with experts, what factors are chiefly responsible for such leadership - availability of better experts, lower costs for the host government, language skills, living and working conditions?

10. In which of the fields in which the US is not now the host country's principal source of foreign expertise, could US expertise best compete? (In the case of Libya we assume that this question is covered in part at least in the papers left by Ambassador Palmer following his recent consultations in Washington.)

Attachment 2

11. Is there more we can do to get the host government to recognize that the higher cost of US expertise may be worth it?

12. Are there key fields and assignments in which it would be of particular benefit to the US, the host country, or both, for the US to be the principal source of expertise for the host country? What special arrangements would be necessary to bring this about?

13. What estimates can be made of present and future demand by government, academic and research institutions, and industry in the host country for technical cooperation with similar organizations in the US? What types of cooperation are likely to be in greatest demand - technical services and training (on a reimbursable basis), exchange of professional personnel and information (on the basis of mutual benefit), or other types - and in what fields of science and technology?

Mechanisms for Facilitating Technical Cooperation

14. How are priorities among the demands for technical cooperation with foreign countries established within the host government?

15. Is there a central agency responsible for arrangements with other countries for technical services, technical exchanges and training or how are these arrangements handled in the host government? Are these mechanisms adequate? If not, what improvements are needed?

16. Does the host government rely on private or other services in the US for locating technical resources, recruiting experts, and arranging for other forms of technical cooperation? Do such services need to be established or strengthened?

17. How effective have US experts and technical services been in comparison with those from other countries? Is the host government assessment the same? What can be done to assure that the quality of US experts provided host country is at a high level in keeping with US technological leadership?

18. How adequate is the host government's capability to identify technical assistance requirements? Are significant technical cooperation opportunities being missed because of lack of this diagnostic capability? If so, how can such capability be developed?

19. What improvements are needed in mechanisms in the US in order to promote successful technical cooperation with the host country?

20. What estimates can be made of the annual cost to the US Government of an adequate technical cooperation program with the host government, on the assumption that that government would reimburse the US for all technical service costs and pay its share of the costs of technical exchange projects?

Attachment 2

Implementation of Study Findings

21. How does the study support or otherwise affect the justification for establishing an Office of Reimbursable Technical Services as outlined in the report on "Proposals for Strengthening Relationships With Non-A.I.D. Developing Countries?" What changes should be made in the proposed organization and operations of this office?

22. Are there important opportunities for regional cooperation which the host country should take up and what could be done to help bring this about?

23. What could be done to help realize the donor potential of the host country?

24. What steps can be taken to correct weaknesses found in existing organizational arrangements (government and private) in the US and in the host country for implementing technical exchange, technical service and other technical cooperation arrangements between the two countries?

25. What distribution of pertinent study findings would serve to encourage participation by appropriate US and host country organizations in more effective technical cooperation?